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SUBJECT: AMBASSADOR PRESENTS CREDENTIALS, DISCUSSES ELECTIONS

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¶1. (SBU) Summary: Ambassador Hans Klemm presented his letter of credence to President Jose Ramos-Horta on July 4 in a ceremony hosted at the President's office. In a meeting following the ceremony, both vowed to strengthen bilateral relations. Ramos-Horta expressed his appreciation for U.S. support since Timor's independence vote, and Ambassador Klemm relayed our continued commitment to ensuring the country's long term success. The conversation also touched on smooth conduct of the June 30 elections and the negotiations regarding government formation that now must take place since no party gained a majority. On this issue, Ramos-Horta said that he is engaged in discussions with all the parties regarding next steps. Ramos-Horta used the opportunity to make a specific appeal to the Ambassador for US assistance in order to expand educational opportunities for Timorese students. End summary.

¶2. (SBU) Ambassador Hans Klemm presented his letter of credence to President Jose Ramos-Horta on July 4 in a ceremony held at the President's office at the Palace of Ashes. Following the formal ceremony, the Ambassador and President met to discuss U.S.-East Timor relations and current issues in East Timor. Ramos-Horta remarked on the excellent relations that have existed between the countries since East Timor voted for independence in 1999, noting that USAID was the biggest employer in Timor Leste in 2000 due to its quick impact projects. In this vein, Ramos-Horta emphasized the need for continued U.S. support for East Timor's development, particularly in rural development, youth employment, justice, and infrastructure. The Ambassador emphasized the USG's commitment to supporting East Timor's democratic and economic development. He stressed the particular importance we place on addressing land and property issues, both to encourage investment and economic growth, and towards the resettlement of internally displaced persons (IDP).

¶3. (SBU) Ambassador Klemm relayed his congratulations for the smooth and peaceful conduct of the June 30 parliamentary elections and the ongoing ballot counting process, noting the professionalism and seriousness with which Timorese election officials at all levels carried out their duties. Given the weak capacity of many Timorese public institutions, the Ambassador urged that a way be found to tap the civic commitment of young Timorese that he witnessed on Election Day.

Ramos-Horta gave credit to the Technical Secretariat for Election Administration (STAE) and the National Election Commission (CNE). He singled out STAE in particular, which he has previously targeted for sharp criticism as lacking impartiality, to commend them for a job well done. In addition, he cited the critical assistance provided by the UN and the International Stabilization Force (ISF) both in ensuring security and providing much needed logistical support.

¶4. (SBU) Ramos-Horta informed the Ambassador that in light of the emerging elections results pointing to the necessity of a coalition government, he has begun informal discussions with the various parties to consult with them on the next steps. He indicated that he would start by calling the largest party (FRETILIN with about 29%) to see if it could pull together a majority coalition, and then go from there. (Comment: other mission sources have since indicated that Ramos-Horta may be shifting away from a focus on the largest party and instead towards the party most able to assemble a majority coalition - that is unlikely to be FRETILIN. End comment.) In addition, the president said he wants to establish a consultative mechanism with all parties, even those who received insufficient votes to be represented in Parliament. Referring to the three percent threshold required for parliamentary representation, he estimated that about 40,000 voters, around 10 percent of the national total, voted for parties that would not be in parliament, so a way must be found to include them. In addition, Ramos-Horta described at some length his plans to establish a permanent youth parliament for high school age youth, in order both to engage the younger generation in politics and to provide a venue for their voices to be heard.

¶5. (SBU) Ramos-Horta made a specific appeal to the Ambassador for US assistance to open up greater overseas educational opportunities for Timorese students. In particular, he requested that we focus resources on assisting Timorese students to complete their studies at schools in other countries in the region. He said that he has discussed with Philippine President

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Arroyo an arrangement whereby Timorese students would complete secondary and undergraduate studies in the Philippines, with the GOET covering most expenses, but the GOP arranging for tuition and fees. Noting that students would be receiving an English-language education based on the American system, he expressed his hope that the USG might become a supporting partner in this initiative. He relayed his great appreciation for USG scholarship programs that send students to the US, but cited their relative expense. Regional or trilateral initiatives hold the promise of supporting the education of Timorese students in much greater numbers, suggested the president.  
KLEMM